

## TITLE GUARANTY FREQUENTLY ASKED QUESTIONS

### **Q** What does a Title Guaranty Certificate cover?

**A** **Lenders are covered for:** Valid, enforceable mortgage; loss due to other prior liens; mechanic's liens; fraud or forgery; mistakes in abstracting or title examination; errors in public records and lack of access.

**A** **Owners are covered for:** valid title, title defects that may impact their title, un-marketable title, fraud, forgery, mistakes in abstracting or title examination; errors in public records and lack of access. Owners may also be covered for mechanic's liens at an additional cost.

### **Q** If the lender requires coverage, why would the borrower also need it?

**A** **Lender's coverage is exactly that – coverage for the lender.** It does not cover buyers. Typically, a lender's claim arises when a property is foreclosed on and the lender sustains a loss due to a title issue. The same issue may exist

for a buyer, but if the property does not go into foreclosure, it may not show up until the buyer is ready to refinance or sell the property. That's when owner's coverage is a helpful tool to the buyer.

### **Q** Does the coverage need to be renewed each year?

**A** **No.** This is a one-time premium that covers lenders as long as the mortgage is in effect, and covers buyers for as long as they or their heirs have any interest in the property.

### **Q** I am refinancing my home. If the lender uses Title Guaranty for Coverage, can I get free Owners Coverage?

**A** **No.** Owners coverage is only available at the time of purchase; however, if you chose Owners Coverage at that time, it will continue in force even though you have refinanced. Owner's Coverage is good as long as you have any interest in the title to the property.



## HOW CAN I MAKE SURE THAT I'M PROTECTED BY TITLE GUARANTY?

You need to ask for it! Tell your real estate professional and your lender that you would like Owner's Coverage from Title Guaranty. At closing, you will be asked to sign a Composite Mortgage Affidavit requesting Owner's Coverage and specifying the purchase price of the property.

## WHAT IS REAL ESTATE TITLE PROTECTION?

Ensuring clean title is an important element of the real estate transaction. Typically, two types of title coverage are available: Lender's Coverage – guaranteeing that the lender holds an enforceable mortgage on the property, and Owner's Coverage – guaranteeing that the owner has clear title to the property. Owner's Coverage protects the buyer against title defects, including undisclosed liens, errors or omissions in legal documents, mistakes in researching public records, fraud and forgery.



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*In partnership with the Iowa State Bar Association  
and Iowa Land Title Association.*

# Protecting the Title to Your Home



**TITLE GUARANTY**

**Only in Iowa**  
Building on a Tradition of Quality

WHAT’S IN IT FOR ME?

Buying a home is exciting. By using Title Guaranty, you can rest easy knowing that your home ownership investment is protected. If a title issue arises, Title Guaranty will be there to step in and assume attorneys’ fees, costs, and expenses associated with defending the title to your home. After all, it’s not just what’s inside your home that is important.

WHAT IS TITLE GUARANTY?

As Iowa’s provider of title coverage for lenders and buyers, Title Guaranty operates as a title assurance underwriter and maintains reserves in order to pay claims. Title Guaranty, a division of the Iowa Finance Authority, is completely self-funded, and helps to support the Iowa housing industry by transferring all excess revenue to Iowa housing programs.



HOW DOES THE IOWA SYSTEM WORK?

Title Guaranty uses a process designed to uncover title problems before you have a financial interest in the property. In Iowa, an abstract of title is prepared or updated prior to closing. The abstract identifies all recorded documents for a particular property, including easements, deeds, mortgages and liens against previous title holders. Then, an Iowa attorney reviews the abstract and issues a written title opinion or a Title Guaranty Commitment. The Commitment summarizes the status of the title and identifies the current owner and any title issues that should be resolved prior to closing. Once any title issues are resolved, the transaction may be closed and the buyer takes title to the property. By using Title Guaranty, you can be assured that a real estate attorney has reviewed the title to your home. Correcting deficiencies before closing reduces the chance of having problems later on.

WHAT COULD GO WRONG?

While title defects are not common in Iowa, they do occur. What can impact title? Some of the more frequent issues include:

- Divorce and child support judgments
- Judgments against a previous owner
- Unreleased, but paid off mortgages
- Unrecorded legal documents
- Fraud
- Forgery
- Mistakes in public records
- Mistakes in researching public records
- Lack of a right of access

Again, these issues are not common, but if any of them should arise, Title Guaranty will become your legal defense and work with you to ensure a smooth and timely solution to the problem.

HOW MUCH DOES OWNER’S COVERAGE COST?

In many cases, this coverage is free to home buyers! If the buyer’s lender has requested Title Guaranty Lender’s Coverage on a home valued at \$500,000 or less, and the buyer intends to occupy the home as their primary residence, Owner’s Coverage is free. Even if these criteria do not apply, Owner’s Coverage is still available, often for only \$110. This one-time premium protects the home buyer and their heirs for as long as they have any interest in the property.

CHECK THE BOX

Buying a home? If your lender uses Title Guaranty Lender’s Coverage, you may qualify for FREE Owner’s Coverage. If the purchase price is less than \$500,000 and the home will be your primary residence, your coverage is free. Just check the box on the Composite Mortgage Affidavit at closing. Title issues don’t happen often, but if an issue arises, you’ll be glad you’re covered.

Only in Iowa — only with Title Guaranty.

Check ☒ YES to receive coverage